



Federal Communications Commission
Washington, D.C. 20554

ORIGINAL

AUG 24 1998

Mr. Ed Kasper
Kasper & Creager Associates
6410 Southwest Blvd.
Suite 224
Fort Worth, TX 76109-8932

EX PARTE OR LATE FILED

RECEIVED

AUG 24 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Mr. Kasper:

Thank you for your letter to Chairman William E. Kennard regarding a line item that has been added by your carrier to your telephone bill to recover its contributions to the universal service support mechanisms. Chairman Kennard has asked me to respond to your inquiry.

Long distance companies have been indirectly bearing the costs of universal service for many years, but have only recently been assessing these costs through specific line items on customers' bills. I therefore urge you to look at the bottom line on your phone bills to determine the impact on your rates. Average long distance rates have continued to decrease. Thus, the appearance of a separate line item attributed to universal service does not necessarily reflect an increase in your overall cost of phone service.

On May 7, 1997, the Commission adopted an Order to implement the Federal-State Joint Board's recommendations on universal service as required by the Telecommunications Act of 1996 (1996 Act). The Commission established universal service support mechanisms that fulfill Congress's goal, as stated in Section 254 of the 1996 Act, of ensuring that affordable, quality telecommunications services are available to all American consumers, including low income consumers and those located in high cost, rural, and insular areas. Universal service support for carriers serving high cost areas and for low income consumers has been provided for decades. In the 1996 Act, Congress expanded universal service goals to ensure the nation's classrooms and libraries receive access to the vast array of educational resources that are accessible through the telecommunications network. These support systems also will link health care providers located in rural areas to urban medical centers so that patients living in rural America will have access, through the telecommunications network, to the same advanced diagnostic and other medical services that are enjoyed in urban communities.

In the 1996 Act, Congress required all telecommunications carriers that provide interstate telecommunications services to contribute on an equitable and nondiscriminatory basis to universal service. The Commission implemented this statutory provision by requiring all such telecommunications carriers to contribute to the universal service support mechanisms. Neither Congress, nor the Commission, requires such carriers to pass this contribution on to their customers. To the contrary, carriers decide how and to what extent

No. of Copies rec'd
DATE CODE

2

they recover **their** contributions. Carriers, however, may not mislead customers as to how they recover contributions and may only recover an equitable share from any particular customer.

The Commission is monitoring the universal service support mechanisms and their impact on telephone ratepayers. This issue will be carefully reviewed as the support mechanisms are administered.

Your letter has been placed in the official public record of the universal service proceeding (CC Docket No. 96-45). I appreciate your interest and views on these important issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa S. Gelb", with a stylized flourish at the end.

Lisa S. Gelb
Chief
Accounting Policy Division
Common Carrier Bureau

KASPER & CREAGER ASSOCIATES

Ed Kasper • Layne Kasper • Nate Vail • Kent Nix

6410 SOUTHWEST BLVD., SUITE 224

FORT WORTH, TEXAS 76109-3998

817/738-4220 • (FAX) 817/738-8932

6/26/98

MR. KENNARD:

PLEASE REGISTER MY
OPPOSITION TO THE FEE
("TAX" IF YOU WILL) FOR
INTERNET ACCESS EXPENDITURES
AT SCHOOLS. FOR MY HOME
AND BUSINESS PHONES, THIS
ASSESSMENT IS OVER \$400
PER YEAR IN ADDED FEES ("TAX").

I REALIZE THE FCC IS
TRYING TO SLIP ONE OVER
ON CONSUMERS BY "HIDING"
THE FEE, ON PHONE BILLS. SHAME
ON YOU! SUCH AN ENTITLEMENT FEE
IS A TAX AND YOU KNOW IT.

Ed Kasper.

1
JOE BARTON
6TH DISTRICT, TEXAS

2264 RAYBURN BUILDING
WASHINGTON, DC 20515-4306
(202) 225-2002

REPUBLICAN STEERING COMMITTEE
REGIONAL REPRESENTATIVE



CHAIRMAN, OVERSIGHT AND
INVESTIGATION SUBCOMMITTEE

COMMITTEE ON COMMERCE

COMMITTEE ON SCIENCE

Congress of the United States
House of Representatives
Washington, DC 20515-4306

June 22, 1998

EK ✓

CK ~~✓~~

KN

NV

COPY

Kasper & Craeger Assoc.
6410 Southwest Blvd. Suite 224
Fort Worth, Texas 76109

Dear Friend:

Thank you for contacting me regarding recent taxes imposed by the Federal Communications Commission on your telephone bills. This tax is now being referred to as the "E-rate" for education tax. Like you, I am concerned about the actions the FCC is taking in implementing provisions of the Telecommunications Act of 1996.

When the Act was passed in 1996, it contained provisions to provide discounts to schools and libraries for telecommunications services, such as internet access. In implementing these provisions, the FCC has expanded the original intent of the universal service program by creating programs that cost more than \$2.65 billion per year. I am strongly opposed to any expansion of the universal service program, in fact I am one of the few members who believes the universal service program is no longer needed. While providing internet access to schools and libraries at a discounted price is a worthy goal, this should not be done by imposing taxes on the backs of consumers through their telephone bills. The impact of these taxes will be the creation of a new entitlement program preventing telephone rates from decreasing, which was the original goal of the Telecommunications Act.

I can assure you that I am closely monitoring any actions the FCC is taking on this issue. At a minimum, the FCC needs to delay the implementation of this provision until they determine the impact any resulting tax would have on consumers. Senate and House Leaders have communicated this message to FCC Chairman William Kennard. If the FCC continues down the path they are on, I believe the Congress will take the appropriate actions needed to curtail the FCC efforts. I will support such actions.

ENNIS OFFICE:

303 WEST KNOX, SUITE 201
ENNIS, TX 75119-3942

817-543-1000 (main number for all offices)

Internet address: rep.barton@mail.house.gov

Homepage: <http://www.house.gov/barton/welcome.html>

PRINTED ON RECYCLED PAPER

ARLINGTON OFFICE:

805 WASHINGTON DRIVE, SUITE F
ARLINGTON, TX 76011

FORT WORTH OFFICE:

4521 SOUTH HULEN STREET,
SUITE 210
FORT WORTH, TX 76109